

## I. GENERAL

1. These General Conditions are intended to be applied together with the Specific Conditions in the actual Contract for manufacture and supply of specially designed components (hereinafter referred to as "Products") between TIPS d.o.o (hereinafter referred to as "Supplier") and the Buyer subject to Buyer's orders and specifications for the components to be integrated into Buyer's own products.
2. These General Conditions are also intended to be applied for serial deliveries as provided for in Chapter XXI.
3. In case of contradiction between these General Conditions and any specific conditions agreed upon between the parties in the actual Contract the specific conditions shall prevail.
4. Any product information is binding only if explicitly included in the Contract.
5. Whenever these General Conditions use term "in writing", this shall mean by signed document, letter, email or other means as agreed by the parties.
6. In carrying out their obligations under the Contract the parties will act in accordance with good faith and fair dealing.

## II. ORDERS AND SPECIFICATIONS

7. The Supplier shall manufacture, test, label, package and ship the Product in accordance with the Buyer's orders and specifications in compliance with all applicable laws, rules and regulations.
8. All orders and specifications shall be given in writing.
9. The Buyer's order in which the deadline by which it must be accepted is stipulated shall be binding for the Buyer until such deadline expires. If the deadline for acceptance is not stipulated in the order the Buyer shall be binding with the order for the time usually required for the order to be studied and decided upon the Supplier and for the Supplier's response to reach the Buyer.
10. The Buyer's order is accepted when the Buyer receives the Supplier's acceptance in writing. The Supplier's silence is never considered an acceptance of the Buyer's order.

## III. SAMPLES, SPECIAL TOOLS AND EQUIPMENT

11. When in executing the Contract, the parties have to disclose their technology, samples, special tools and equipment these remain confidential according to the Chapter XX. Unless otherwise agreed the Buyer organizes all needed transport of samples, special tools and equipment at his risk and expenses.
12. Samples, special tools and equipment intended exclusively for the fulfilment of the Contract provided by the Supplier shall be paid by the Buyer and become the Buyer's property unless otherwise agreed. The Buyer shall reimburse the Supplier's costs for replacement or repair of these due to normal wear and tear or other causes for which the Supplier is not responsible.
13. The Supplier shall be entitled to retain samples, special tools or equipment that he has provided under the Contract when it is reasonably expected that they will otherwise be disclosed to third parties causing loss to the Supplier. The Supplier shall in such cases reimburse the Buyer the value of these retained items.
14. Samples, special tools and equipment provided by the Buyer for the fulfilment of the Contract remain the Buyer's property and they cannot be used for any other purpose than the fulfilment of the Contract.
15. The Supplier's obligations regarding samples, special tools and equipment shall finally cease after the completion of the Contract. The Supplier will inform the Buyer before disposing of them.

#### **IV. DESCRIPTIONS AND DRAWINGS**

16. Unless otherwise agreed all descriptions and drawings related to the Products or their manufacture submitted by one party to the other shall remain the property of the submitting party.
17. If either party wants a modification of the technical specifications of the Products, he shall submit his proposals in writing to the other party who shall respond in writing within 50 working days.
18. Drawings, technical documents and other technical information received by one party shall not without the consent of the other party be used for any other purposes than those for which they were handed over, such as assembly, installation and maintenance of the Products and be copied, reproduced or communicated to a third party.

#### **V. CONFORMITY TO THE PRODUCT SAMPLE**

19. When the products are manufactured in series, they shall be in conformity to the production sample approved by the Buyer and production shall not start before the Supplier receives the Buyer's written approval of such sample.

#### **VI. INDEMNIFICATIONS AGAINST INTELLECTUAL PROPERTY CLAIMS**

20. The Buyer shall indemnify and hold the Supplier harmless against all claims based on infringement of patents, design patents, trademarks or other property rights, where such claims result from the manufacture of the Products by using a specification, drawing, sample, pattern, special tool or other equipment provided by the Buyer.

#### **VII. PRICES**

21. Prices for the Products are those stipulated in the Contract. Unless otherwise agreed they are exclusive of sales, excise duties, VAT or similar taxes and include any costs which are at the Supplier's charge according to the Contract.

#### **VIII. INSPECTION AND TESTS**

22. The Buyer may at during normal working time inspect the Supplier's final test facilities to be used in the performance of the Contract and inspect and test the Products in respect of materials and workmanship. The Buyer shall give the Supplier one week's notice of the inspection. Inspections and tests shall not unduly interfere with the performance of work.
23. If the tests show that the Products do not meet the requirements of the Contract, the Supplier shall, unless the Buyer accepts such deviation, without delay ensure that the Products comply with the agreement.
24. The Supplier shall bear all costs for any agreed inspection and tests at the place of manufacture. The Buyer shall bear his traveling costs.

#### **IX. DELIVERY TERMS**

25. The delivery of the Product and passing of risk of loss of or damage to the Products shall be governed in accordance with the most recent version of Incoterms Rules. Unless otherwise agreed, the delivery shall be FCA Leskovec pri Krškem.

#### **X. PACKAGING MATERIALS**

26. The party who under the Contract shall provide the packing materials shall provide them in good condition. When the Buyer shall provide the packaging materials, he shall provide them at the time and the site specified by the Supplier.

27. The Buyer shall at his own expense return reusable packaging materials belonging to the Supplier. If the Buyer fails to do so, the Supplier is entitled to be reimbursed for the value of such packaging materials.

#### **XI. CLAIMS AGAINST CARRIER**

28. After having examined whether the Products' time of arrival, condition and quantity conform to the dispatch note the Buyer shall immediately inform the Supplier of any claims against the carrier when according to the chosen Incoterms the Supplier is responsible to properly arrange the transport.

#### **XII. LATE-DELIVERY AND NON-DELIVERY**

29. If, instead of specifying the date for delivery, the parties have specified a period of time on the expiry of which delivery shall take place, such period shall start to run on the date when the Supplier receives the Buyer's order or on the date the Contract was concluded.
30. If the Supplier anticipates that he will not be able to deliver the Products at the time for delivery, he shall forthwith notify the Buyer thereof in writing, stating the reason and, if possible, the time when delivery can be expected.
31. If a delay in delivery is caused by any of the circumstances mentioned in Chapter XIX. Or by an act or omission on the part of the Buyer, the time for delivery shall be extended by a reasonable period having regarded all the circumstances. This provision applies regardless of whether the reason for the delay occurs before or after the agreed time for delivery.
32. If the products are not delivered at the time for delivery, the Buyer shall be entitled to liquidated damages from the date on which delivery should have taken place. The liquidated damages shall be payable at a rate of 0.5 per cent of the purchase price for each completed week of delay. The liquidated damages shall not exceed 7.5 per cent of the purchase price. If, in the case of partial deliveries, only part of the Products is delayed, the liquidated damages shall be calculated on that part of the purchase price which is attributable to such part of the Products as cannot, in consequence of the delay, be used as intended by the parties. The liquidated damages become due at the Buyer's written request but not before delivery has been completed or the Contract is terminated under paragraph 33. The Buyer loses the right to liquidated damages if he has not claim it within six months after the time when delivery should have taken place.
33. If the delay in delivery is such that the Buyer is entitled to maximum liquidated damages under the preceding paragraph and if the Products are still not delivered, the Buyer may in writing demand delivery within a final reasonable period which shall not be less than one week. If the Supplier does not deliver within such final period and this is not due to any circumstance for which the Buyer is responsible, then the Buyer may by notice in writing to the Supplier terminate the Contract in respect of such part of the Products as cannot, in consequence of the Supplier's failure to deliver, be used as intended by the Parties.
34. If the Buyer terminates the Contract, he shall be entitled to compensation for the loss he has suffered as a result of the Supplier's delay. The total compensation, including the liquidated, damages which are payable under Clause 32, shall not exceed 15 per cent of that part of the purchase price which is attributable to the part of the Products in respect of which the agreement is terminated.
35. Liquidated damages under paragraph 32 and termination of the Contract with limited compensation under paragraph 34 are the only remedies available to the Buyer in case of delay caused by the Supplier, except where the Supplier has been guilty of gross negligence meaning disregarding consequences which a conscientious contracting party would normally foresee, or a deliberate disregard of the consequences of such act or omission.

#### **XIII. NON-ACCEPTANCE OF DELIVERY**

36. If the Buyer anticipates that he will be unable to accept delivery of the Products at the delivery time, he shall forthwith notify the Supplier thereof stating the reason and the expecting time when he will be able to accept delivery. If the Buyer fails to accept the delivery at time he shall nevertheless pay any part of the purchase

price which becomes due on delivery as if delivery had taken place. In this case the Supplier shall arrange for storage of the Products at the risk and expense of the Buyer.

37. Unless the Buyer's failure to accept delivery is due to any such circumstance as mentioned in the Chapter XIX the Supplier may by notice in writing require the Buyer to accept delivery within a final reasonable period. If, for any reason for which the Supplier is not responsible, the Buyer fails to accept delivery within such period, the Supplier may by notice in writing terminate the Contract agreement in whole or in part.
38. The Supplier shall then be entitled to compensation for the loss he has suffered as a consequence in this case. The compensation shall not exceed that part of the purchase which is attributable to that part of the Products in respect of which the Contract has been terminated.

#### **XIV. PAYMENT**

39. Unless otherwise agreed, the price shall be paid within thirty (30) days of the invoice date.
40. The payment shall not be deemed to have been effected before the Supplier's account has been fully and irrevocably credited.
41. If the Buyer fails to make the due payment, the Supplier shall be entitled to interest from the day on which payment was due. If the parties fail to agree on the rate of late payment interests, the rate shall be according to the Act on Interest Rate for Late Payment of the Republic of Slovenia.
42. In case of late payment, the Supplier may, after having notified the Buyer in writing, suspend his performance of the Contract until he received the payment. If the Buyer fails to pay the due amount in three months, the Supplier shall be entitled to terminate the agreement by notice in writing to the Buyer and to claim compensation for the loss incurred. The compensation shall not exceed the agreed purchase price.

#### **XV. RETENTION OF TITLE**

43. The Products shall remain the property of the Supplier until paid for in full to the extent that such extension of title is valid under the applicable law of country where the Product is located. It may also take the form of an extended retention of title which does not expire even after the purchase price under the Contract is paid in full if the Supplier has other unsatisfied claims against the Buyer.
44. Provided that the applicable law of the country allows it and the respective formal requirements are met the parties may also agree on
  - a) a retention of title with a processing clause according to which the Supplier gives the Buyer permission to integrate the purchased component into his product and the Supplier becomes a joint owner of such product to a certain percent until he received the payment for his Product sold;
  - b) a prolonged retention of title where the Buyer assigns, in advance, his claim concerning the payment of purchase price obtained by reselling the Product so that such claims are automatically assigned to the Supplier;
45. The Buyer shall at the request of the Supplier assist him in taking any measures necessary to protect the Supplier's title to the Products in the country concerned. The retention of title shall not affect the passing of risk under paragraph 25.

#### **XVI. LIABILITY FOR NON-CONFORMITY OF THE PRODUCT**

46. Pursuant to the provisions in paragraphs of this Chapter, the Supplier shall remedy any defect of the Product.
47. When a defect in the Products or a part thereof has been remedied, the Supplier shall be liable for defects in what has been remedied under the same terms and conditions as those applicable to the original Products during a period of one year.
48. The Supplier's liability for non-conformity of the Product is limited to defects which appear within a year from the delivery.
49. The Buyer shall examine the Product as soon as possible after the delivery and shall notify the Supplier in writing of any defect of the Product. The notice shall contain a description of the defect. If the Buyer fails to so notify the defect to Supplier, he shall lose his right to have the defective Product remedied.

50. After receiving the notice, the Supplier shall remedy the defect by repairing or replacing the Product without undue delay and at his own cost as stipulated in this Chapter inclusive. Repair shall be carried out at the Supplier's premises unless he finds it appropriate to have the repair carried out where the Products are located.
51. The Buyer shall at his own expense arrange for any dismantling and reassembly of equipment other than the Products, needed to remedy the defect.
52. The Buyer shall at the request of the Supplier and following his instruction arrange all needed transport of the defective Products. Unless otherwise agreed this transport shall be at the risk and expense of the Supplier. Unless otherwise agreed, the Buyer shall bear any additional costs which the Supplier incurs for repair and transport as a result of the Products being located in a place other than the destination stated in the Contract or place of delivery.
53. Defective Products which have been replaced shall be made available to the Supplier and shall be his property.
54. If no defect for which the Supplier is responsible is found, the Supplier shall be entitled to compensation for the costs he has incurred dealing with the notice.
55. If the Supplier does not repair or replace the defective Product within a reasonable time, the Buyer may, by written notice, fix a final time for completion of this Supplier's obligation. If the Supplier fails to fulfil this obligation within the given final time, the Buyer may undertake necessary remedial works himself or employ a third party at the risk and expense of the Supplier.
56. Where the defect has not been successfully remedied, the Buyer is entitled:
  - a) to a reduction of the purchase price in proportion to the reduced value of the Products, provided that under no circumstances shall such reduction exceed 15 per cent of the purchase price, or
  - b) where the defect is so substantial as to significantly deprive the Purchaser of the benefit of the agreement, the Buyer may terminate the Contract by written notice to the Supplier. In this case the Buyer is entitled to compensation for the loss he has suffered up to a maximum of 15 per cent of the purchase price.
57. The Supplier is not liable for defects:
  - a) which result from materials provided or specified by the Buyer;
  - b) which are caused by incorrect maintenance, assembly or installation or repair by the Buyer or by alterations carried out without the Supplier's consent in writing;
  - c) which result from disrespecting the Suppliers operating instructions provided for in the Contract;
  - d) which result from normal wear and tear or deterioration.
58. Regardless of the provisions of this Chapter the Supplier shall not be liable for defects of the Products for more than two years from the beginning of the period given in paragraph 48.
59. Save as stipulated in this Chapter the Supplier shall not be liable for defects and any indirect loss the defect may cause such as loss of production, loss of profit, etc.
60. The limitation of the Supplier's liability for non-conformity of the Product provided for in this Chapter shall not apply if he has been guilty of gross negligence as defined in paragraph 35.

## **XVII. LIABILITY FOR DAMAGE CAUSED BY THE PRODUCT**

61. The Supplier shall not be liable for any damage to property caused by the Products after their delivery and whilst they are in the possession of the Buyer, nor shall the Supplier be liable for any damage to products manufactured by the Buyer or to products of which the Buyer's products form a part.
62. If the Supplier incurs liability towards any third party for such damage to property as described in the preceding paragraph, the Buyer shall indemnify, defend and hold the Supplier harmless. If a claim for damages as described in this Clause is lodged by a third party against one of the parties, the latter party shall forthwith inform the other party thereof in writing. The Supplier and the Buyer shall be mutually obliged to let themselves be summoned to the court or arbitral tribunal examining claims for damages against one of them on the basis of damage allegedly caused by the Products.
63. The limitation of the Supplier's liability in paragraph 61 shall not apply where the Supplier has been guilty of gross negligence as defined in paragraph 35.

## **XVIII. SUSPENSION OF PERFORMANCE AND TERMINATION**

64. Each party may suspend the performance of his obligations under the Contract when it is clear from the circumstances that the other party will not be able to perform his obligations. A party suspending his performance of the Contract shall forthwith notify the other party thereof in writing.
65. Without prejudice to any express provision for termination contained herein, the Contract may be terminated immediately by registered letter in case of any fundamental breach of the agreement. Such termination may also take place where the legal structure or ownership of one of the parties has changed in such a way as seriously to affect the result that the other party could reasonably expect from the agreement.

## **XIX. FORCE MAJEURE AND HARDSHIP**

66. Unless otherwise agreed the Contract shall provide the following Force Majeure and Hardship Clauses.
67. Force Majeure means the occurrence of an event or circumstance that prevents or impedes a party from performing one or more of its contractual obligations under the contract, if and to the extent that that party proves:
  - a) that such impediment is beyond its reasonable control and
  - b) that it could not reasonably have been foreseen at the time of the conclusion of the contract and
  - c) that the effects of the impediment could not reasonably have been avoided or overcome by the affected party.
68. In the absence of proof to the contrary, the following events affecting a party shall be presumed to fulfil conditions (a) and (b) under the preceding paragraph: war (whether declared or not), hostilities, invasion, act of foreign enemies, extensive military mobilisation, civil war, riot, rebellion and revolution, military or usurped power, insurrection, act of terrorism, sabotage or piracy, currency and trade restriction, embargo, sanction, act of authority whether lawful or unlawful, compliance with any law or governmental order, expropriation, seizure of works, requisition, nationalisation, plague, epidemic, natural disaster or extreme natural event, explosion, fire, destruction of equipment, prolonged break-down of transport, telecommunication, information system or energy general labour disturbance such as boycott, strike and lock-out, go-slow, occupation of factories and premises, restrictions in the use of power and delays and defects in deliveries by sub-suppliers caused by any such circumstances referred to in this paragraph.
69. A party successfully invoking this Clause is relieved from its duty to perform its obligations under the Contract and from any liability in damages or from any other contractual remedy for breach of contract, from the time at which the impediment causes inability to perform, provided that the notice thereof is given without delay. If notice thereof is not given without delay, the relief is effective from the time at which notice thereof reaches the other party. Where the effect of the impediment or event invoked is temporary, the above consequences shall apply only as long as the impediment invoked impedes performance by the affected party. Where the duration of the impediment invoked has the effect of substantially depriving the contracting parties of what they were reasonably entitled to expect under the Contract, either party has the right to terminate the contract by notification within a reasonable period to the other party.
70. Unless otherwise agreed, the parties expressly agree that the Contract may be terminated by either party if the duration of the impediment exceeds six months.
71. A party to a Contract is bound to perform its contractual duties even if events have rendered performance more onerous than could reasonably have been anticipated at the time of the conclusion of the contract.
72. Regardless of the preceding paragraph, where a party to a Contract proves that its hardship is such that:
  - a) the continued performance of its contractual duties has become excessively onerous due to an event beyond the party's reasonable control and have not been reasonably expected to be taken into account at the time of the conclusion of the contract;
  - b) and that the party could not reasonably have avoided or overcome the event or its consequences, the parties are bound, within a reasonable time of the invocation of this Clause, to negotiate alternative contractual terms which reasonably allow to overcome the consequences of the event.

73. Where the preceding paragraph applies and the parties have been unable to agree alternative contractual terms, either party is entitled to request the judge or arbitrator to adapt the Contract with a view to restoring its equilibrium, or to terminate the Contract, as appropriate.

## **XX. CONFIDENTIALITY**

74. Both parties understand and acknowledge that, by virtue of the Contract, they may both receive or become aware of technology as well as information belonging or relating to the other party, its business, business plans, affairs or activities, which information is confidential and proprietary to the other party and/or its subcontractors and customers in respect of which they are bound by a strict duty of confidence.
75. As a consequence, thereof, neither party shall, either during the period of this contract or at any subsequent time, or as long as the party continues to take reasonable efforts to maintain the information's secrecy, disclose to any other person any technology or other Confidential Information disclosed to it by the other party under this contract, and shall use its best endeavours to keep such technology or other information confidential.
76. Any of the technology or other confidential information referred may be disclosed to any contractor of or supplier to the party in question of any equipment or products, governmental or other authority or regulatory body and any directors or employees of the party to such extent only as is necessary for the purposes of the Contract or as required by law, and subject in each case to the party in question first obtaining a written undertaking from the person to whom the disclosure is made to keep it confidential and to use it only for the purposes for which the disclosure is made.

## **XXI. SERIAL DELIVERIES FRAMEWORK AGREEMENT**

77. When the parties intend to conclude serial deliveries contract, they may enter into a framework agreement according to which the Buyer may provide the Supplier with a forecast indicating the quantity of Products and the schedule of delivery the Buyer may take in a certain period of time and which the Supplier may review and may invite the Buyer to issue an order.
78. The Buyer's order for serial deliveries of the Products is accepted when the Buyer receives the Supplier's acceptance in writing.
79. Unless otherwise agreed, the framework agreement for serial deliveries shall be concluded for an indefinite period of time and may be terminated by either party by notice in writing not less than three months in advance.

## **XXII. RESOLUTION OF DISPUTES AND APPLICABLE LAW**

80. Unless otherwise agreed in writing, all disputes arising out of or in connection with the Contract shall be submitted to Krško District Court, Slovenia.
81. These General Conditions shall be governed by the substantive Law of the Republic of Slovenia.
82. These General Conditions are written in both Slovenian and English. If there is any conflict or inconsistency between the Slovenian version and the English version, the English shall be the governing and prevailing version.

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